Dell Inc. on Tuesday struck a $24.4 billion deal to take itself private that it called a turning point in efforts to boost its value, even as some shareholders said they are unhappy with the deal's premium.

Founder and CEO Michael Dell—along with Silver Lake Partners—will offer Dell's holders a per-share price of $13.65 in cash. The stock closed Tuesday at $13.42 on Nasdaq.

In a securities filing, Dell didn't disclose details of its funding arrangements, including the contribution of Silver Lake or Mr. Dell's investment firm or the amount of debt the parties aim to raise.

The deal "immediately delivers value to shareholders," Brian Gladden, Dell's chief financial officer, said on Tuesday in a brief interview. While Dell had made progress in turning itself around, "we do recognize that it will take more time" and is better achieved without the scrutiny and limitations of being a publicly traded company, Mr. Gladden said.

Sanford C. Bernstein analysts wrote that the "majority of shareholders appear likely to approve" the deal, citing an estimate that the top 25 holders, after Mr. Dell, control 42% of shares.

Dell said the deal requires approval by a majority of shares outstanding, excluding those owned by management and directors. It expects the deal to close by the end of its second
quarter.

Other stockholders said they weren't cheering the deal's about 25% premium to the price its shares traded before talk of the buyout surfaced.

"I've not heard anyone say they like the deal or that this is a great price," said David Fleer, a portfolio manager at Bristlecone Value Partners LLC, which owned nearly 84,000 Dell shares as of Sept. 30. He said the current offer undervalues the company. Still, Mr. Fleer said he hasn't decided how his firm will vote on the deal.

James Rosenwald, managing partner at Dalton Investments LLC, said this week he believes shareholders would fare better if Dell borrowed money and paid a large one-time dividend. The hedge fund owned 1.1 million Dell shares as of Sept. 30.

Analysts at ISI Group, an investment research firm, said on Tuesday that the deal's price may be "perceived as cheap" and that "the deal could face some shareholder resistance at any price under $15 a share." But the analysts also said the deal makes sense for Dell and added they see no other bidders emerging in the next 45 days.

Less than two hours after the deal was announced, rival Hewlett-Packard Co. was quick to criticize the takeover, saying the buyout would add uncertainty for customers and limit Dell's ability to invest in new products.

Dell will continue to be based in Round Rock, Texas. The deal is expected to close in the second quarter of Dell's 2014 fiscal year.
Mr. Dell, who owns about 14% of Dell's shares, will continue to lead the company as chairman and chief executive. He will continue to hold a significant stake in Dell by contributing his shares of Dell to the new company, as well as making a substantial additional cash investment.

After Mr. Dell approached Dell's board about exploring a buyout last year, the board formed a four-member committee to advise on strategic alternatives, said people familiar with the process. The special committee looked at options included remaining publicly traded and separating the PC business from the higher-margin software and services operations, and exploring whether other companies might want to buy Dell.

But none of the other options ever emerged as a serious alternative to a buyout, a person close to the board said. "There aren't that many moves" a company like Dell can make, the person said. Meanwhile, the board never heard a concrete plan from the buyout group. Mr. Dell in the fall addressed the board at a regularly scheduled meeting and talked about cost-saving steps, investing more in Dell's sales force and moving into some markets where the short-term margins aren't great. But he didn't go into much detail, the person close to the board said.
QUESTIONS:

1. What does it mean to "take a company private"?

2. What is the strategic reason for taking Dell private? In your answer, comment on the "scrutiny and limitations of being a publicly traded company."

3. How long will it take to complete the proposed buyout? What are the steps in the process that are described in the article? What points in the article indicate that the deal may not go through as proposed?
4. Refer to the related article. What is Microsoft's strategic reason for helping to finance the buyout?

5. The group has offered shareholders $13.65 in cash per share. Explain how that translates into a $24.4 billion buyout. In your answer, define the term "outstanding shares" and "public float."

6. What is the importance of the estimate that "the top 25 holders, after Mr. Dell, control 42% of shares." Include in your discussion a definition of both majority ownership interest and ownership concentration.